REMARKS

This application has been reviewed in light of the Office Action dated July 12, 2007. Claims 1-11 are pending in the application. By the present amendment, claims 1, 2 and 8 have been amended. No new matter has been introduced. The Examiner's reconsideration of the rejection in view of the amendment and the following remarks is respectfully requested.

By the Office Action, Claims 1-8 and 10-11 stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 5,809,143 to Hughes (hereinafter Hughes) in view of U.S. Patent No. 5,296,692 to Shino (hereinafter Shino).

The Applicant respectfully disagrees with the rejection.

Hughes is directed to an Internet purchasing portal that permits a user to swipe a card to make an online purchase. Hughes is concerned with Internet security since information theft is an issue in such systems. As such, Hughes provides a controller 32 that prevents free exchange of certain information. The controller blocks unencrypted information that is sensitive for the user. That is, user sensitive information is not shared with on-line merchants or even the connected computer. (see e.g., col. 7, line 55 to col. 8, line 7). A secure host is employed to gain access to financial institutions, etc. via a separate and secure modem connection (44) directly from the keyboard.

Controller 32 is employed to encrypt sensitive information and to block such information from leaving the keyboard if the information is not protected. (col. 3, lines 20-25). In other words, the controller 32 hinders communication between a computer 12 and the keyboard to ensure security.

Contrast this with the present invention, which is directed to an electronic settlement system to be employed by, e.g., a vendor (e.g., a sales clerk at a store). In this instance, the information to be shared is over secured lines. The interaction between the keyboard and a PC is provided through a control unit that is employed to improve or ensure communication between the keyboard and the computer, not hinder communications for security reasons, as in Hughes.

Hughes does not disclose or suggest at least: a control unit configured to transform the data read from the magnetic card, the smart card or the RF card into a machine language code for transmission to the user PC and to interpret a machine language code received from the user PC, as recited in amended claim 1. As stated, the control unit is employed for decoding and encoding as a translation device not as a gateway to hinder communications for security as in Hughes.

Firstly, Hughes does not transform the data read from the magnetic card, the smart card or the RF card into a machine language code for transmission to the user PC. Instead, the controller of Hughes blocks the sensitive information scanned for the credit card or smart card. Secondly, the information in Hughes is not encoded into machine language for communication with the PC. Instead, the information in Hughes is encrypted so that it is not recognizable to the merchant and the information is transferred by a second communication path 48 (not to the computer) (see FIG. 1, see also FIG. 11, FIG. 14 and accompanying text of Hughes).

Shino fails to cure these deficiencies. Shino is directed to an IC card reader but does not disclose or suggest communication links with a computer network or financial institutions as presently claimed. Shino fails to disclose or suggest at least: a control unit configured to transform the data read from the magnetic card, the smart card or the RF card into a

machine language code for transmission to the user PC and to interpret a machine language code received from the user PC, as recited in amended claim 1.

It is therefore respectfully submitted that the cited combination fails to disclose or suggest all of the elements of claim 1. Claim 1 is believed to be in condition for allowance over the cited combination for at least the stated reasons.

Regarding claim 8, an amendment has been made which is similar to the amendment made to claim 1. Therefore claim 8 is also believed to be in condition for allowance for at least the same reasons. Claims 2-7 and 9-11 are also believed to be in condition for allowance due at least to their dependencies from claims 1 and 8 respectively. Reconsideration of the rejection is earnestly solicited.

By the Office Action, claim 9 stands rejected under 35 U.S.C. §103(a) as being unpatentable over Hughes in view of Shino and further in view of official notice.

The Applicant respectfully disagrees with the rejection for at least the stated reasons. Claim 9 is dependent from claim 8; however other reasons exist for allowing claim 9 over the cited combination. For example, none of the cited references teach or suggest, *inter alia*, the steps of getting a user authentication through an access to the electronic cash management server using the user PC. Such access is performed in Hughes through the keyboard not the PC. (See FIG. 14 of Hughes). Shino is silent on this.

Since the cited combination fails to disclose or suggest the previously described aspects of the present invention, claim 9 is believed to be in condition for allowance for at least the reasons stated and for other reasons as well. Reconsideration is respectfully requested.

In view of the foregoing amendments and remarks, it is respectfully submitted that all the claims now pending in the application are in condition for allowance. Early and favorable reconsideration of the case is respectfully requested.

It is believed that no additional fees or charges are currently due. However, in the event that any additional fees or charges are required at this time in connection with the application, they may be charged to applicant's representatives Deposit Account No. 50-1433.

Respectfully submitted,

Date: 10/12/07 By: _____

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